

26 November 1963

MEMORANDUM FOR: The Acting Comptroller

SUBJECT : Letter of Intent -- RCA 501

**REFERENCE : Memo to Acting Comptroller from C/ADPD
dated 22 November 1963**

1. The referenced memo requests that a letter of intent go forward to RCA prior to 27 November 1963 placing the Agency on record as being seriously interested in procuring a second-hand RCA 501 computer. The reason for acting hastily is to take advantage of a bargain price which may not be available later.

2. After reading the attached material I come to the conclusion that CIA has insufficient information on which to base a letter of intent to RCA for an additional 501.

3. Chief, Procurement Division, O/D, has advised me that the issuance of a letter of intent carries with it not a legal but a moral commitment on the part of the Government. The issuance of such a letter is usually prefaced by considerable staff activity which indicates strong certainty that positive action will be taken later.

4. While RCA may be offering us an attractive dollar bargain, I do not think we should be forced to react to this issue within the RCA-imposed short deadline for the following principal reasons:

a. The Agency's total computer resources are not being used to capacity. Viewing ADPD's request in an Agency context, it is unsound to recommend more hardware when we are not fully utilizing what we now have on hand.

b. The management "decisions to be made", referenced in para. 4 of the ADPD memo to the Acting Comptroller dated 22 November 1963, could result in a reduced or shifted workload for the present RCA 501, thereby obviating the entire question of additional RCA gear.

c. Major systems design changes appear to be in the offing for ADPD's applications. The effect of these changes on required computer time is yet indeterminant.

d. The RCA 501 computer is no longer in production. Thus, neither 501 hardware nor software, so important to dynamic computing, is being developed or upgraded by RCA. Several users have now turned in their RCA 501 equipment. CIA should be very slow indeed to stock up on phase-out gear of this sort...even at give-away prices.

e. A letter of intent from CIA is morally binding on the Agency...yet no responsible decision to acquire another RCA 501 can be made within the time constraint of the RCA offer.

5. In light of the above I think the issuance of a letter of intent at this time would be premature. All concerned need more time to analyse the implications of bringing more hardware into the Agency before we signal our intent to do so.

JOSEPH BECKER
Assistant Director,
Computer Services

cc: DD/S&T
DD/S

OCS/JBECKER:bd (26 Nov 63)
Orig & 1 - Addressee
1 - DD/S&T
1 - DD/S
1 - OL/PD
1 - OCS
1 - OCS Chrono

22 NOV 1963

MEMORANDUM FOR: Assistant Director for Computer Services

SUBJECT : Letter of Intent for Purchase of RCA 501
Computer and Rental of RCA 501 Systems
Equipment, Rental 64-57

REFERENCES : (a) Memo to Actg Compt fr C/ADPD dtd
22 Nov 63
(b) Memo to OL/PD fr C/ADPD dtd 22 Nov
63 Concerning Purchase of RCA 501
W/Att: Ltr to C/ADPD fr RCA dtd
19 Nov 63
(c) Memo to OL/PD fr C/ADPD dtd 22 Nov
63 Concerning Rental of Certain 501
Systems Equipment

1. In accordance with our telephone conversation of 21 November 1963 I am forwarding herewith a copy of a memorandum, Reference (a), and the originals of References (b) and (c) for your concurrences.

2. As agreed to in our telephone conversation the purchase and rental of the equipment will depend upon certain decisions that must be made with respect to utilization of the 501 System. If these decisions result in increased utilization of the 501 System which will warrant the additional equipment in question then steps will be taken to procure and rent the subject equipment. If it is determined that the equipment is not necessary then letter of intent will be cancelled.

3. I feel that the decision as to whether to make the purchase should be made within the next several months, if possible before February.

4. It will be appreciated if you will expedite the two memo's to the Office of Logistics since, as you will observe from the letter from RCA, they are only holding the option for the Agency until 27 November.

STATINTL


R. H. FUCHS

Acting Comptroller

Attachments:
Refs a, b, c

MEMORANDUM FOR: Assistant Director for Computer Services

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R. H. FUCHS

Acting Comptroller

22 November 1963

MEMORANDUM FOR: Office of Logistics
Procurement Division

FROM : Chief, Automatic Data Processing
Division, Office of the Comptroller

SUBJECT : Letter of intent for purchase of
RCA 501 Systems Equipment

It is requested that a letter of intent be issued to RCA for the purchase of the specific equipment, amounting to \$141,934.80, outlined on page 2 of the attached RCA letter. The equipment is to be installed in Room 206, Central Building on or about 1 June 1964. Purchase price to be in accordance with current GSA FY 1964 contract No. GS-008-46515, with rental option credits to April 1964 plus a thirty (30) per cent discount. Such purchase to be subject to availability of funds.

STATINTL

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[Redacted]
Chief, Automatic Data Processing Division

CONCURRENCE:

Joseph A. Becker
Assistant Director
Office of Computer Services

Date

APPROVAL:

H. H. Fuchs
Acting Comptroller

22 NOV 1963

Date

RAADHD CORPORATION OF AMERICA
INDUSTRIAL ELECTRONIC PRODUCTS
ELECTRONIC DATA PROCESSING DIVISION
1700 K STREET, N. W.
WASHINGTON 25, D. C.



19 November 1963

STATINTL

2430 E Street, N.W.
Washington 25, D.C.

STATINTL

An ideal situation has arisen whereby the following equipment will be available by 1 June 1964. We indicate the equipment costs below so that you may consider this advantageous opportunity.

<u>Qty.</u>	<u>Model No.</u>	<u>Description</u>	<u>Original Purchase Price</u>	<u>Book Value</u>	<u>P.O. Credit Savings</u>
1	503	CPU	\$218,500	\$ 98,012	\$120,488
1	561-2	Hi-Speed Storage	150,500	85,003	65,497
			<u>\$369,000</u>	<u>\$183,015</u>	<u>\$185,985</u>
		Equipment Discounted at 30%		<u>\$128,110.50</u>	

For the above main frame and memory, there are seven (7) tape stations available at a total rental of \$3,969 per month on a 200 hour contract basis.

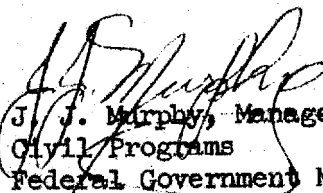
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Detailed information for the entire system is as follows:

<u>Qty.</u>	<u>Model No.</u>	<u>Description</u>	<u>Original Purchase Price</u>	<u>Book Value</u>
1	503	CPU	\$218,500	\$ 98,012
1	533	On-Line Printer	30,300	14,407
1	547-6	Tape Switch	11,800	5,342
1	561-2	Hi-Speed Storage	150,500	85,003
			<hr/>	<hr/>
			\$411,100	\$202,764
		Complete System Discounted 30%		<u>\$141,934.80</u>

Demand from other sources for this equipment is acute; however, we want you to have the first option on the offer. Undoubtedly, we will not be able to hold the option for you past Wednesday, 27 November, unless we have an affirmative indication of your intent to procure the hardware.

Very truly yours,


J. J. Murphy, Manager
Civil Programs
Federal Government Marketing

22 November 1963

MEMORANDUM FOR: Office of Logistics
Procurement Division

FROM : Chief, Automatic Data Processing
Division, Office of the Comptroller

SUBJECT : Letter of intent for rental of RCA
501 Systems Equipment, Rental 64-57

It is requested that a letter of intent be issued to RCA for the rental of seven (7) model 581 Tape Stations, to be installed in conjunction with an RCA 501 Computer System on or about 1 June 1964. Tape Stations to be equipped with Feature 26, parity check on rewind, and field modification 2-1-2. Rental of Tape Stations, \$588.00 each, monthly total \$4,116.00.

 STATINTL
Chief, Automatic Data Processing Division

CONCURRENCE:

Joseph A. Becker
Assistant Director
Office of Computer Services

Date

APPROVAL:

R. H. Fuchs
Acting Comptroller

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Date